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NEW MEXICO BUSINESS

CURRENT ECONOMIC REPORT

Vol. 11 No. 11
December 1990

THE NEW MEXICO AND ALBUQUERQUE MSA ECONOMIES REVIEW AND OUTLOOK

The New Mexico economy continued to expand during 1990, although at a slower pace than in 1989. The state added about 8,200 new jobs in 1990 with total nonagricultural employment now standing at 568,600. This represented a growth rate of 1.5% in 1990, down from 2.4% in 1989. New Mexico personal income advanced to $21.2 billion, increasing 5.6% in 1990 compared to the 7.2% pace in 1989. The state's unemployment rate continued to fall during 1990 averaging 6.2%, down from 6.6% in 1989. However, much of the improvement in the jobless rate can be attributed to weak growth in the state's labor force, as unemployed workers looked for jobs outside the state or were discouraged from seeking work.

Albuquerque's economy also slowed during 1990 and, as it has for the last three years, the city fell short of the state economy's performance. Albuquerque MSA (Bernalillo County) nonagricultural employment increased just 0.8% in 1990 compared to 1.7% in 1989. Albuquerque added 1,900 new jobs during 1990 with total nonagricultural employment now standing at 242,800. Meanwhile, the city's unemployment rate remained at a low 5.0% which is far below the national jobless rate of 5.5%. However, Albuquerque experienced an actual 1.0% decline in the city's labor force during 1990 which kept the unemployment rate at a historical low.

Economic activity in both New Mexico and Albuquerque dwindled as the year progressed. By the third quarter of 1990 New Mexico and Albuquerque employment growth had slowed to only a 1.1% and 0.5% pace, respectively. The national economic slowdown was noticeably impacting the state's economy. The trade and manufacturing sectors in particular have slowed in late 1990, while the state's construction sector continued to decline sharply. Record drops in consumer confidence, declining real disposable income as energy prices have skyrocketed, and high debt levels have constrained consumer spending and the local retail trade sector. Nationally, manufacturing employment has fallen since early 1989 and is the sector most affected by an economic slowdown. In New Mexico we have seen some layoffs in the lumber/wood products industry; however, this sector continues to show some small gains in employment (2.4% in 1990) despite the adverse national trends.

New Mexico construction employment fell 7.1% in 1990, while in Albuquerque the drop was an even steeper 9.9%. In downtown Albuquerque the Albuquerque Plaza and convention center expansion projects both were completed in the summer of 1990, and there were no follow-on construction projects anywhere in the city to pick up the slack. The Resolution Trust Corporation (RTC) in early 1990 took over most of the state's S&L industry, and, with an RTC policy of extending no new credit, credit sources for many local developers and homebuilders dryed up. The bankruptcy of the Bellamah Corporation and ABQ Bank—both with major raw land holdings on Albuquerque's west side—reduced the supply of developable land and hindered single family housing construction in the state's largest city.

The government sector had the strongest gain in jobs during 1990 with a 3.6% increase. Local government growth reflects continued enrollment increases at the state's public schools, while state government and state university employment has benefitted from a healthy general fund which included a quarter cent gross receipts tax increase in July, 1990. There was also expanded federal hiring of temporary 1990 Census workers in the first half of 1990.

The federal contribution to the New Mexico economy was mixed, however, during 1990. The state has felt the impact of federal budget cuts. The ground based laser project at White Sands with research involvement at Los Alamos National Laboratory (LANL) was curtailed. As a result several hundred construction jobs were lost and LANL offered early retirement to 300–400 employees. The Air Force Contract Management Division at Kirtland Air Force Base in Albuquerque was consolidated with another Defense Department organization resulting in the loss of 300 jobs. Cannon Air Force Base in Clovis did see expansion of base personnel and construction as an F-111 fighter wing was relocated there.

The state's mining sector saw continued improvement during 1990 as mining employment increased 4.0%, benefitting from the reopening of the potash mines near Carlsbad and the molybdenum mine in Taos County in late 1989. Oil and gas activity also improved, reflecting exploration for coal-seam gas in the Farmington and Raton areas and higher oil prices brought on by the Iraqi invasion of Kuwait.

(continued on page 7)

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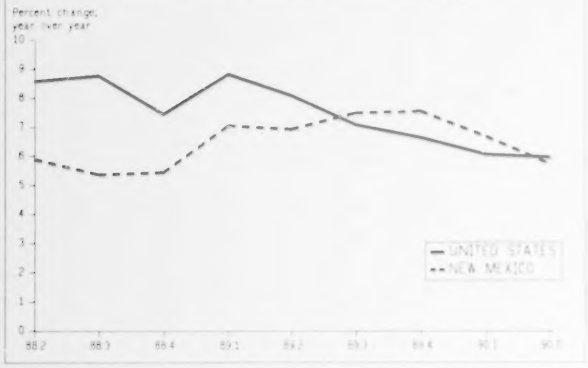
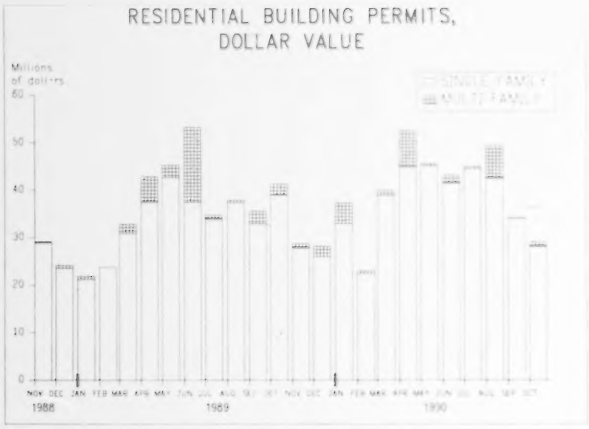
ECONOMIC TRENDS IN NEW MEXICO

TOTAL PERSONAL INCOME UNITED STATES AND NEW MEXICO

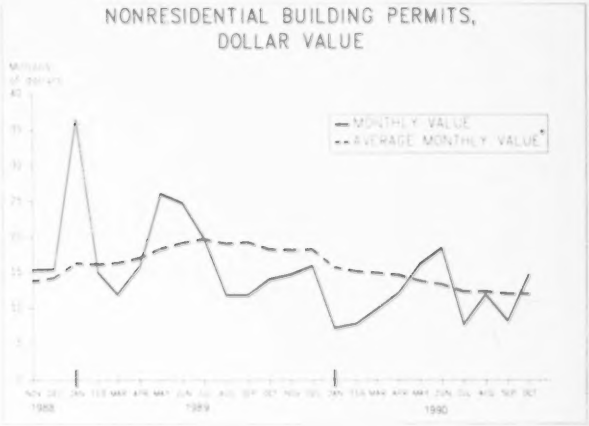


NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT UNITED STATES AND NEW MEXICO

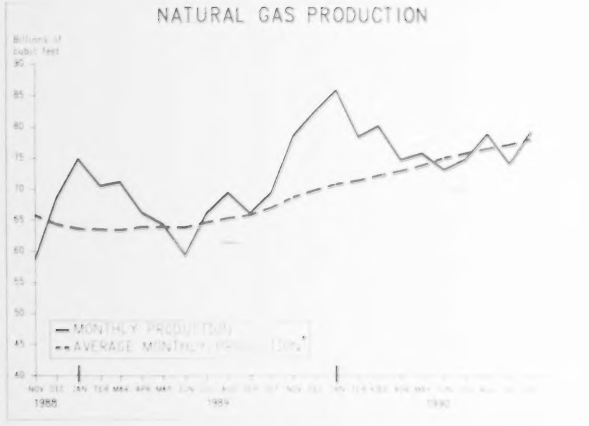
RESIDENTIAL BUILDING PERMITS, DOLLAR VALUE



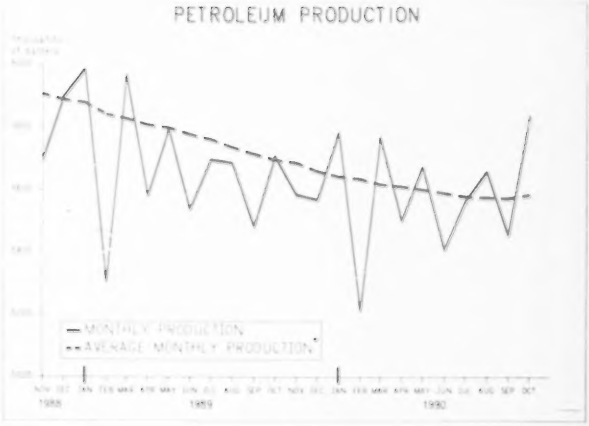
NONRESIDENTIAL BUILDING PERMITS, DOLLAR VALUE



NATURAL GAS PRODUCTION



PETROLEUM PRODUCTION



*12 month moving average. For example, the point for August, 1990 represents an average of data from September, 1989 through August, 1990.

U.S. ECONOMIC INDICATORS

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/ QTR DATA
Consumer price index				
All urban consumers (1982-84=100)				
All items	Oct 90	133.5	6.3	132.7
Food and beverages	Oct 90	133.4	5.6	133.0
Housing	Oct 90	130.6	5.0	130.5
Apparel and upkeep	Oct 90	128.4	4.6	126.8
Transportation	Oct 90	125.8	9.9	123.0
Medical care	Oct 90	167.1	9.4	165.8
Entertainment	Oct 90	134.3	4.6	134.1
Other goods and services	Oct 90	163.2	7.5	162.6
Revised series, wage earners and clerical workers (1982-84=100)				
All items	Oct 90	131.9	6.2	131.1
Gross national product* ($Bil. constant)	Q3 90	4173.1	1.1	4155.1
Prime interest rate** (% per annum)	Oct 90	10.0	-4.8	10.0
Mortgage interest rate*** (% per annum)	Oct 90	10.0	-1.3	9.9
3 month treasury bill# (% per annum)	Oct 90	7.2	-5.8	7.4
Industrial production## (1987=100)	Oct 90	109.6	1.8	110.5
Manufacturers new orders## ($Bil.)	Sep 90	244.0	4.1	244.4

NEW MEXICO AND U.S. COMPARISONS

		NEW MEXICO			UNITED STATES		
	CURRENT MO/QTR	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	CURRENT MO/QTR DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA
Employment (000)	Oct 90	661.2	-0.3	662.1	118,299	0.1	117,961
Unemployment rate (%)	Oct 90	5.5	-	5.6	5.4	-	5.5
Nonagricultural employment (000)	Oct 90	573.4	0.5	572.3	111,235	1.4	110,858
Personal income### ($Mil.)	Q2 90	21,094	5.7	20,832	4,605,604	5.9	4,546,227
Housing units permitted							
Single	Oct 90	355	-24.5	453	62,445	-23.3	57,870
Multi	Oct 90	29	-45.3	8	19,045	-45.4	20,690

Note: Selected data items subject to revision.
N Not available.
* 1982 dollars at seasonally adjusted annual rates.
** Closing rate for month.
*** Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assumed, on the average, repayment at end of 10 years.
# Rate on new issues within period; bank discount basis.
Monthly data seasonally adjusted.
Quarterly data seasonally adjusted at annual rates.
Sources: U. S. Department of Labor, News: CPI data;
New Mexico Department of Labor and U. S. Bureau of Labor Statistics: employment and unemployment data.
U. S. Department of Commerce, Bureau of Economic Analysis: income data;
U. S. Department of Commerce, Bureau of the Census: construction data.
U. S. Council of Economic Advisors, Economic Indicators: all other data.

NEW MEXICO ECONOMIC INDICATORS

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE# 12 MONTH AVERAGES
1. GENERAL					
Civilian labor force* (000)	Oct 90	699.8	-0.8	701.6	1.1
Total employment* (000)	Oct 90	661.2	-0.3	662.1	1.7
Unemployment* (000)	Oct 90	38.6	-7.7	39.5	-7.1
Unemployment rate (%)	Oct 90	5.5	-	5.6	-
Weekly new unemployment insurance claims	Oct 90	1190.0	0.5	902.0	-2.8
Nonagricultural wage/salary employment**(000)	Oct 90	573.4	0.5	572.3	1.6
Personal income*** ($ mil.)	Q2 90	21094.0	5.7	20832.0	6.8
New business incorporations	Aug 90	228.0	-6.9	225.0	13.2
Business failure liabilities ($ 000)	Dec 89	1642.0	137.3	4004.0	-61.1
2. AGRICULTURAL RECEIPTS					
Livestock and products ($ mil.)	Aug 90	81.1	10.3	84.2	14.3
Crops ($ mil.)	Aug 90	51.2	-5.2	51.1	1.2
Total ($ mil.)	Aug 90	132.3	3.8	135.3	10.1
3. MINING					
Employment** (000)	Oct 90	14.7	-1.3	14.6	2.1
Average hourly earnings ($)	Oct 90	12.99	7.4	12.42	4.6
Petroleum production (000 bbls.)	Oct 90	5835.6	2.3	5453.7	-1.9
Natural gas production (bil. cu. ft.)	Oct 90	79.2	14.1	74.1	16.3
Coal production (000 short tons)	Oct 90	2509.0	19.2	2416.0	6.0
Oil well completions&	Oct 90	42.0	31.3	38.0	21.7
Gas well completions&	Oct 90	79.0	113.5	101.0	56.7
Total footage drilled&& (000)	Oct 90	538.3	80.2	546.1	25.9
Oil sales ($ mil.)	Aug 90	136.4	46.8	88.7	12.3
Gas sales ($ mil.)	Aug 90	103.3	14.5	97.9	21.8
4. CONSTRUCTION					
Employment** (000)	Oct 90	29.2	-7.6	29.2	-6.2
Average hourly earnings ($)	Oct 90	10.89	-5.2	11.50	0.7
Residential units permitted	Oct 90	384.0	-26.6	461.0	-1.1
Residential building permits ($ mil.)	Oct 90	28.9	-29.9	34.1	7.8
Nonresidential building permits ($ mil.)	Oct 90	14.7	5.0	8.2	-33.7
Residential construction contracts ($ mil.)	Oct 90	44.6	-21.6	42.4	-4.0
Nonresidential construction contracts ($mil.)	Oct 90	49.9	17.7	16.7	-23.3
Nonbuilding construction contracts ($ mil.)	Oct 90	42.4	48.3	44.7	-11.4
5. TRANSPORTATION/COMMUNICATION/UTILITIES					
Employment** (000)	Oct 90	28.6	-2.7	28.6	-0.3
Communications average hourly earnings ($)	Oct 90	14.65	5.8	14.36	4.4
Utilities average hourly earnings&& ($)	Oct 90	14.04	-3.3	14.38	1.3
6. MANUFACTURING					
Employment** (000)	Oct 90	44.1	1.6	44.0	2.4
Average hourly earnings ($)	Oct 90	9.02	5.9	8.97	2.8
Electric & electronic equipment employment** (000)	Oct 90	6.2	10.7	6.1	1.8
Transportation equipment employment** (000)	Oct 90	5.3	0.0	5.4	1.9
Food & kindred products employment** (000)	Oct 90	5.7	11.8	5.6	14.3
Textile & apparel employment** (000)	Oct 90	2.6	-7.1	2.6	-7.1
Lumber & wood products employment** (000)	Oct 90	2.4	-7.7	2.4	0.0

NEW MEXICO ECONOMIC INDICATORS (continued)

	CURRENT MO/QTR	CURRENT DATA	% CHANGE YEAR AGO	PREVIOUS MO/QTR DATA	% CHANGE# 12 MONTH AVERAGES
7. TRADE					
Wholesale employment** (000)	Oct 90	24.7	0.8	24.5	1.7
Retail employment** (000)	Oct 90	110.3	-0.8	111.1	0.7
Average hourly earnings ($)	Oct 90	6.86	-2.6	6.96	1.5
8. FINANCE/INSURANCE/REAL ESTATE					
Employment** (000)	Oct 90	26.2	-1.9	26.4	0.8
Bank average hourly earnings ($)	Oct 90	6.59	-2.5	6.58	2.1
Bank total assets ($ mil.)	Q2 90	11228.0	9.6	10429.0	5.4
Bank total deposits ($ mil.)	Q2 90	9499.0	10.5	9088.0	5.7
Bank net loans ($ mil.)	Q2 90	5875.0	2.7	5560.0	1.0
S & L total assets ($ mil.)	Dec 89	4871.0	-9.6	4943.0	-9.7
S & L total deposits ($ mil.)	Dec 89	4445.0	-4.6	4492.0	-4.8
S & L new mortgage loans closed&&& ($ mil.)	Dec 89	58.0	-37.0	46.0	-30.7
9. SERVICES AND TOURISM					
Total service employment** (000)	Oct 90	143.3	2.4	143.8	2.6
Lodging employment** (000)	Oct 90	12.2	4.3	12.5	1.7
Eating & drinking places employment** (000)	Oct 90	41.5	1.2	42.3	1.5
Visits to state parks (000)	Oct 90	219.4	-16.5	471.0	-1.8
Visits to national parks/monuments (000)	Oct 90	147.7	-8.1	178.4	1.3
Passenger traffic at Albuquerque airport@ (000)	Oct 90	446.5	2.0	393.6	6.7
Lodgers tax receipts ($ 000)	Q3 90	3781.4	7.3	3062.1	11.5
Lodging occupancy rates (%)	Oct 90	72.7	-5.8	71.0	-0.4
10. GOVERNMENT					
Total government employment** (000)	Oct 90	152.3	2.2	150.1	3.3
Federal employment** (000)	Oct 90	31.8	2.3	32.0	2.2
State employment** @@ (000)	Oct 90	54.1	1.5	53.4	4.8
Local employment** (000)	Oct 90	66.4	2.8	64.7	2.5
Total general fund revenues@@@ ($ mil.)	Oct 90	160.2	8.3	130.2	3.0

Note: selected data items subject to revision.
N Not available.
* Number of persons by place of residence.
** Number of jobs by place of work.
*** Quarterly data seasonally adjusted at annual rates.
& These include wells that are in the following categories: new drillings, deepened, plugged back, reentry and additional zone.
&& Oil and gas combined.
&&& New mortgage loans closed equals the previously carried item "Total loans closed" plus a relatively insignificant additional loan category.
# For example, in the report that contained June 1985 figures this would be the percent change in the average of July 1983 to June 1984 data versus the average of July 1984 to June 1985 data.
Does not include transportation.
@ Passenger traffic includes enplanements and deplanements.
@@ This figure includes full and part time employment at Los Alamos National Laboratory (LANL). Full time equivalent employment (FTE) at LANL is 7,733 as of March 1990 according to LANL Personnel Dept.
@@@ Includes recurring and non-recurring revenues.

Sources: New Mexico Department of Labor: Sections 1, 3, 4, 5, 6, 7, 8, 9, 10;
Dun and Bradstreet, Inc.: Section 1;
U. S. Dept of Commerce, Bureau of Economic Analysis: Section 1;
USDA Statistical Reporting Service: Section 2;
New Mexico Energy, Minerals and Natural Resources Dept., Oil and Gas Conservation Division: Section 3;
New Mexico Taxation and Revenue Dept., Oil and Gas Accounting Division: Section 3;
U. S. Dept. of Energy, Energy Information Administration: Section 3;
U. S. Dept. of Commerce, Bureau of the Census: Section 4;
F. W. Dodge Company (a division of McGraw Hill, Inc.): Section 4;
U. S. Federal Reserve: Section 8;
Federal Home Loan Bank of Dallas: Section 8;
U. S. Federal Deposit Insurance Corporation: Section 8;
New Mexico Energy, Minerals and Natural Resources Dept., Park and Recreation Division: Section 9;
U. S. National Park Service: Section 9;
City of Albuquerque, Albuquerque International Airport: Section 9;
New Mexico Dept. of Finance and Administration, Local Government Division: Section 9;
Pannell, Kerr and Forster: Section 9;
New Mexico Dept. of Finance and Administration: Section 10.

CITIES, COUNTIES AND FEATURES

GROSS RECEIPTS# FROM RETAIL TRADE
TOP 20 CITIES
($000)

	CURRENT 3 MONTH AVERAGE* AUG-OCT	% CHANGE AVERAGE YEAR AGO	PREVIOUS 3 MONTH AVERAGE* MAY-JUL
Alamogordo	$ 14,846	-10.3	$ 16,584
Albuquerque	253,011	-4.8	272,913
Artesia	5,071	-0.6	6,376
Carlsbad	14,447	4.1	15,501
Clovis	17,805	1.1	18,609
Deming	6,017	-2.4	6,876
Espanola	7,503	2.7	7,454
Farmington	35,904	15.7	36,172
Gallup	25,932	12.8	26,728
Hobbs	16,647	3.0	19,010
Las Cruces	39,625	8.1	43,977
Las Vegas	7,337	16.3	7,555
Los Alamos	6,437	-16.2	7,504
Portales	5,290	5.8	6,189
Rio Rancho	7,569	28.8	9,535
Roswell	19,691	-5.4	23,826
Ruidoso	7,055	-5.6	6,672
Santa Fe	72,123	6.5	69,136
Silver City	8,343	-1.9	9,598
Taos	10,886	7.4	10,125
State total	738,921	0.6	811,756

\# Gross receipts reported are for gross receipts tax purposes, which do not include all the receipts of all firms.
* Averages are used to smooth out fluctuations in the data, which are not caused by changes in economic conditions.

Source: New Mexico Taxation and Revenue Department.

NEW MEXICO CONSTRUCTION@
SELECTED CITIES

	NUMBER OF BUILDING UNITS OR PERMITS *				VALUE OF BUILDING PERMITS ($000)			
	OCT. 1990	OCT. 1989	CUMULATIVE TOTAL THROUGH OCT. 1990	CUMULATIVE TOTAL THROUGH OCT. 1989	OCT. 1990	OCT. 1989	CUMULATIVE TOTAL THROUGH OCT. 1990	CUMULATIVE TOTAL THROUGH OCT. 1989
NEW RESIDENTIAL**								
Alamogordo	3	8	42	57	$ 194	$ 478	$ 3,184	$ 3,505
Albuquerque, Total	87	140	1,426	1,620	6,220	11,163	104,277	111,664
Single Family	67	128	986	1,177	5,518	10,363	86,034	96,275
Multi Family	20	12	440	443	702	800	18,243	15,389
Carlsbad	3	4	29	19	212	418	2,172	1,635
Clovis	15	16	209	91	1,006	1,269	20,125	6,030
Farmington	5	2	42	34	441	155	3,004	2,520
Hobbs	0	0	0	3	0	0	0	293
Las Cruces	25	32	273	472	1,346	2,183	17,084	23,873
Los Alamos	0	3	26	16	0	578	3,736	2,527
Rio Rancho	35	50	408	630	1,577	2,709	19,406	30,659
Roswell	6	8	58	55	445	592	4,443	3,871
Ruidoso	5	5	55	45	390	359	5,711	3,544
Santa Fe	17	66	425	550	1,598	5,108	44,742	37,074
NEW NONRESIDENTIAL								
Alamogordo	5	7	54	53	28	625	1,404	1,545
Albuquerque	6	2	23	33	4,832	1,317	38,999	86,155
Carlsbad	1	8	54	54	2	599	960	1,290
Clovis	8	0	29	9	153	0	4,047	2,816
Farmington	0	1	14	15	0	70	2,984	2,058
Hobbs	0	0	14	6	0	0	1,018	2,519
Las Cruces	12	12	113	105	1,748	3,785	8,168	9,782
Los Alamos	7	0	27	5	10	0	628	474
Rio Rancho	2	0	14	12	1,466	0	3,936	4,672
Roswell	8	7	81	70	295	435	1,986	1,909
Ruidoso	1	0	16	4	135	0	841	157
Santa Fe	12	7	73	64	1,414	649	9,630	11,172

Note: Top twelve cities chosen on basis of residential construction activity during the period 1982 through 1984.
@ Data refer only to permits authorized for private construction projects. Public buildings and projects are excluded.
* Residential data shows the number of permitted units, while nonresidential data shows the number of permits.
** Residential data includes both single and multi-family units. In the case of Albuquerque, single and multi-family units are also shown separately.

Sources: U. S. Department of Commerce, Bureau of the Census: all cities, except for Rio Rancho;
City of Rio Rancho: Rio Rancho only.

CITIES, COUNTIES AND FEATURES (continued)

ESTIMATED CIVILIAN LABOR FORCE AND EMPLOYMENT
(000)

	NEW MEXICO			ALBUQUERQUE MSA*			LAS CRUCES MSA**			SANTA FE MSA***		
	OCT. p	% CHANGE YEAR AGO	SEPT.r	OCT. p	% CHANGE YEAR AGO	SEPT.r	OCT. p	% CHANGE YEAR AGO	SEPT.r	OCT. p	% CHANGE YEAR AGO	SEPT.r
TOTAL CIVILIAN LABOR FORCE	699.8	-0.8	701.6	263.7	-1.9	264.4	61.1	-0.2	59.6	69.8	3.3	69.6
Employment@	661.2	-0.3	662.1	251.6	-1.8	252.0	57.7	0.3	56.1	67.2	3.5	67.3
Unemployment	38.6	-7.7	39.5	12.1	-4.7	12.4	3.4	-8.1	3.5	2.6	-3.7	2.3
Unemployment rate (%)	5.5	-	5.6	4.6	-	4.7	5.6	-	5.9	3.7	-	3.3
NONAGRICULTURAL WAGE & SALARY EMPLOYMENT	573.4	0.5	572.3	244.8	0.4	245.0	44.3	0.7	43.6	59.1	3.1	59.0
Mining	14.7	-1.3	14.6	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.0	0.1
Contract construction	29.2	-7.6	29.2	12.2	-14.7	12.3	2.3	-4.2	2.4	2.7	-6.9	2.7
Manufacturing	44.1	1.6	44.0	21.1	-0.9	21.2	3.6	-5.3	3.6	1.8	0.0	1.8
Durable goods	28.9	0.3	29.0	14.8	-3.3	14.9	1.5	-6.3	1.6	1.2	0.0	1.2
Nondurable goods	15.2	4.1	15.0	6.3	5.0	6.3	2.1	-4.5	2.0	0.7	16.7	0.7
Transportation & public utilities	28.6	-2.7	28.6	12.6	-0.8	12.6	1.5	-11.8	1.5	0.9	-10.0	0.9
Trade	135.0	-0.5	135.6	61.2	0.5	61.2	9.4	2.2	9.3	11.3	3.7	11.4
Wholesale	24.7	0.8	24.5	14.7	0.0	14.8	1.0	0.0	1.0	1.0	0.0	1.0
Retail	110.3	-0.8	111.1	46.5	0.6	46.4	8.4	2.4	8.3	10.3	4.0	10.4
Finance,insurance, & real estate	26.2	-1.9	26.4	14.2	0.0	14.1	1.7	0.0	1.7	2.1	0.0	2.1
Services	143.3	2.4	143.8	72.7	2.4	73.0	7.8	2.6	7.8	15.8	3.3	15.8
Government	152.3	2.2	150.1	50.7	2.6	50.5	18.0	2.3	17.3	24.4	4.3	24.3
Federal	31.8	2.3	32.0	13.6	1.5	13.6	4.2	-2.3	4.2	1.7	0.0	1.8
State	54.1	1.5	53.4	15.0	6.4	15.0	7.7	4.1	7.2	18.2	5.8	18.1
Local	66.4	2.8	64.7	22.1	0.9	21.9	6.1	3.4	5.9	4.5	0.0	4.4

N Not available, less than 50 jobs.
P Preliminary.
R Revised.

* Bernalillo County.
** Dona Ana County.
*** Santa Fe and Los Alamos Counties.
@ Includes labor disputes.

Source: New Mexico Department of Labor.

New Mexico and Albuquerque MSA Economies . . .

(continued from page 1)

As we enter 1991, the prospect of a Middle East war haunts Americans. Consumers are expected to adopt a defensive strategy, while they confront a national economic recession. The slowdown in New Mexico and Albuquerque is expected to continue into 1991, although the state's economy should fare better than the nation. New Mexico and Albuquerque MSA nonagricultural employment both are expected to increase only 0.5% during 1991; however, nationally a small decline in employment is expected. State personal income will increase a slow 5.0% and 1991 should see a slight rise in both the state and city unemployment rates.

Strength in the New Mexico and Albuquerque economies in 1991 will be concentrated in local and state government, as school teachers remain a growth sector because of rising student enrollment. Health services will also provide new jobs during 1991, since the state has expanded the eligibility pool for Medicaid. Baxter Healthcare and Metropolitan Life will both expand their employment in Albuquerque for "back office" processing of account receivables/payables and health insurance claims. And while the nation will continue to lose manufacturing jobs, New Mexico and Albuquerque will gain them in 1991 with planned expansions at Martin Marietta, Motorola and Intel. The construction sector should be boosted in 1991 by the building of General Mills' new cereal manufacturing facility and ground breaking of the New Cottonwood Mall on Albuquerque's west side. And finally, higher oil prices will benefit the state's oil and gas sector and provide some offsetting strength to state government revenues, the latter which will experience weaker growth along with the weak state economy.

Indeed, in 1991 while much of the U.S. will experience a mild recession, New Mexico should have enough growth sectors to avoid recession here. Albuquerque's recent success in attracting new manufacturers and back office processing centers attests to the city's competitiveness and remains a strong hope for diversifying and expanding the economy into the 1990s.

Brian McDonald
Director

(This 1990 and 1991 analysis of the New Mexico and Albuquerque economies is based on estimates and projections from the Bureau of Business and Economic Research, utilizing an econometric model of the New Mexico economy—the FOR-UNM model.)

Editor's Note: A typographical error appears in the bottom right column of page 1 in the November 1990 issue of *New Mexico Business*. It was incorrectly stated that 21,100 people were working in the construction field in New Mexico during September 1990. The correct preliminary employment figure for September was 29,100.

Subscription Price: $20.00 for one year; $36.00 for two years; $48.00 for three years.
Single copies: Jan.–Feb. issue $3.50; all others $2.50

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